weekly economic review

April 12, 2013

New Housing Price Index

Housing price index posts largest gain in almost five years

New home prices in Alberta grew at the fastest rate since 2008. Alberta new home prices were up 2.6% in February over the same month last year. Prices in Calgary continued their upward trend, increasing 4.3% over February 2012 compared to a 1.0% gain in Edmonton (see Chart). Despite recent gains, Alberta new home prices remain 8.4% below their December 2007 peak.

At the national level, new home prices were up 2.1% in February compared to the same month last year. The main contributor to this gain was the metropolitan region of Toronto-Oshawa.

Housing Starts

Alberta housing starts edge down

Alberta new home construction decreased slightly in March, following two months of gains. Housing starts were 34,900 (seasonally adjusted at annual rate, SAAR) in March, down 1.1% from the previous month and down 1.4% from the same month last year. Despite these declines, housing starts are still well above their five year average of 26,600.

Canadian housing starts were up 0.4% to 184,000 in March. This was 13.6% below the same month last year, the fourth consecutive month of year-over-year declines.

Building Permits

Commercial sector drives strong permit growth in Alberta

The total value of building permits in February, an indicator of future construction activity, jumped 17.7% over January's levels. On a year-over-year basis, permits were up 20.9%, fueled by a 35.9% increase in non-residential permits. Commercial permits, a component of non-residential permits, posted substantial gains (61.7% y/y), driving the overall increase. Nationally, permits continue to trend lower, falling on a year-over-year basis for the third straight month (-8.5%).

Canadian Economy

Canadian business environment remains challenging

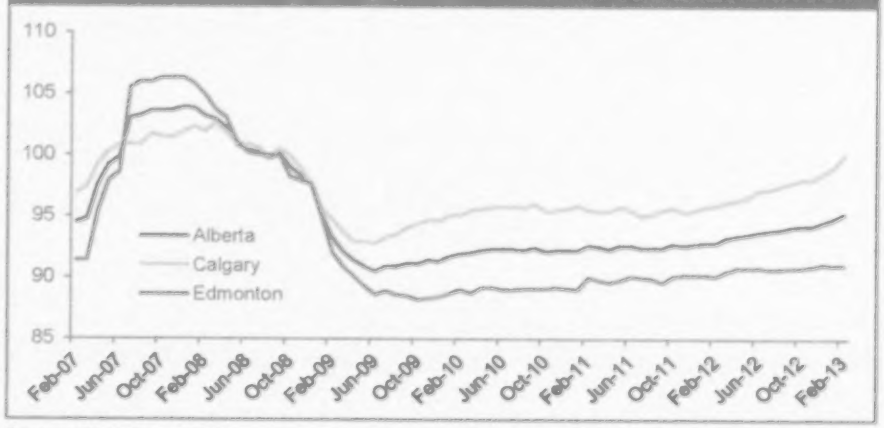
The Bank of Canada's quarterly business survey suggests that many Canadian businesses have been hurt by the recent slowdown in national economic activity. The percentage of firms reporting decreased sales growth over the past 12 months has increased to 48%, the highest share of the last three years, though the outlook for future sales growth has improved. In addition, the balance of opinion on future investment in machinery and equipment has declined from the previous quarter. Inflation expectations have also moderated, though they remain within the Bank of Canada's target range.

US Economy

Consumer sentiment and retail sales soften

US retail sales fell in March (0.4%) after a strong gain in February. The decline was fairly broad-based with sales from gasoline stations leading the drop. The University of Michigan consumer sentiment index also weakened in March, falling to its lowest level since the summer of 2012.

New Housing Price Index (2007=100)



Source: Statistics Canada

Closing Price	April 4, 2013	April 11, 2013	2013-14 Fiscal YTD
Canadian Dollar ($US /$CAN)	98.63	98.94	98.47
WTI Oil ($US/bbl)	93.26	93.51	94.49
NYMEX Natural Gas($US/MMBtu)	3.95	4.14	3.04

Alberta Economic Indicators

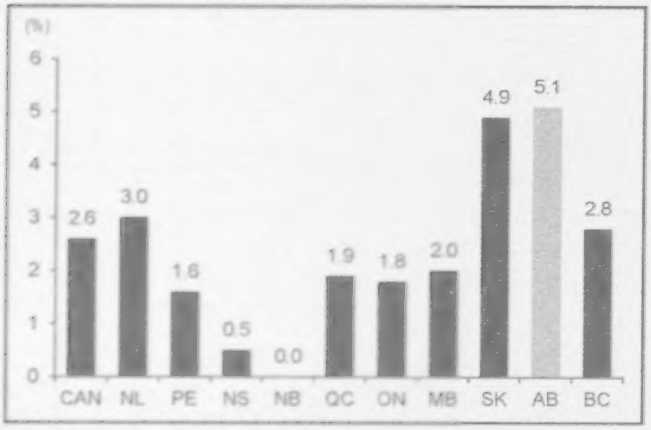
Population	2011	2012	2013YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (000's)	3,778	3,874	3,931	3,907	..	..	3,931	..	..
y/y % change	1.5	2.5	3.0	2.9	..	..	3.0	..	..
Net Interprovincial Migration[1]	8,443	28,170	25,448	13,915	..	..	11,533	..	..
Net International Migration[1]	16,703	37,990	17,105	10,809	..	..	6,296	..	..
Net Non-permanent Residents[1]	7,604	9,721	2,813	3,946	..	..	1,153	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,174	2,162	2,170	2,166	2,175	2,179	2,168
y/y % change	3.8	2.7	2.0	1.5	1.9	1.5	1.9	2.5	1.7
Unemployment Rate (%), SA	5.5	4.6	4.6	4.4	4.2	4.5	4.5	4.5	4.8
Participation Rate (%), SA	73.7	73.4	72.8	73.1	73.0	72.9	72.9	72.9	72.6
Average Weekly Earnings ($), SA	1,035.70	1,072.75	1,090.33	1,090.61	1,091.24	1,095.14	1,090.33	..	..
y/y % change	4.4	3.6	3.6	4.2	4.4	3.9	3.6	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	0.2	0.6	0.6	0.0	0.5	0.9	..
Excluding food and energy	0.8	1.3	1.1	1.2	0.9	1.1	0.8	1.4	..
Non-Res. Building Const. Price Index[2] (y/y % change)	3.4	3.8	..	..	..	3.0	..	..	..
Farm Product Price Index (y/y % change)	18.0	4.4	..	1.2	2.0	2.7	..	..	..
Crops	19.3	1.9	..	3.5	3.0	4.3	..	..	..
Livestock	16.7	6.7	..	0.9	1.3	1.4	..	..	..
Household Sector									
NEW: Housing Starts (SAAR, 000's)	35.7	33.4	33.7	33.7	34.9	30.2	30.9	36.3	34.9
y/y % change	5.1	29.9	8.1	0.2	32.5	5.5	18.1	10.6	1.4
NEW: New Housing Price Index[3] (y/y % change)	0.4	1.3	2.4	1.6	1.7	1.9	2.2	2.6	..
Edmonton	0.9	0.9	0.9	0.8	0.8	1.0	0.9	1.0	..
Calgary	0.1	1.7	3.6	2.4	2.6	3.1	3.3	4.3	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	373.8	369.5	370.7	372.2	367.6	379.9	..
y/y % change	0.5	2.6	5.5	3.9	4.2	5.2	4.6	4.5	..
Edmonton ($ 000's)	324.2	332.7	348.3	336.8	340.0	345.9	337.6	343.0	..
y/y % change	0.7	2.6	2.1	2.0	5.3	4.4	1.6	2.5	..
Calgary ($ 000's)	401.3	410.8	436.5	421.4	419.3	436.0	422.5	438.4	..
y/y % change	1.1	2.2	6.1	3.5	3.1	6.3	12.4	6.1	..
Retail Sales, SA (y/y % change)	6.9	7.6	2.9	6.0	4.1	2.4	2.9	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	3.6	9.1	2.6	0.7	3.6	..	..
Consumer Bankruptcies	7,020	5,759	446	459	435	386	446	..	..
y/y % change	-13.8	-17.3	-13.7	1.0	27.2	28.4	-13.7	..	..
Business Sector									
Rig Drilling	286	250	265	248	258	267	308	422	306
y/y % change	30.4	12.6	6.5	29.6	21.5	16.6	8.2	8.1	9.4
Goods Exports, customs based (y/y % change)	18.4	1.7	1.2	6.7	2.9	13.1	0.5	2.0	..
Energy	19.2	2.0	1.8	5.5	1.4	16.9	0.1	4.0	..
Farm, Fishing and Intermediate Food	27.2	20.6	5.2	26.3	6.3	20.0	3.8	6.7	..
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0 (YTD)	..	..	..	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	18.1	5.3	0.0	1.2	5.8	6.6	0.0	..	..
Wholesale Trade, SA (y/y % change)	16.0	11.0	3.4	3.9	4.2	2.7	3.4	..	..
NEW: Building Permits, SA (y/y % change)	11.5	14.8	22.6	25.0	44.7	5.4	24.7	20.9	..
Residential	5.2	18.2	15.2	14.5	23.3	2.2	21.2	9.6	..
Non-residential	20.9	10.7	33.7	42.0	78.4	-12.0	30.6	35.9	..
Business Bankruptcies	264	230	19	18	15	16	19	..	..
y/y % change	-30.5	-12.9	50.0	-40.0	31.1	11.1	58.0	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD Year to date represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted, "SAAR" denotes seasonally adjusted at annual rate

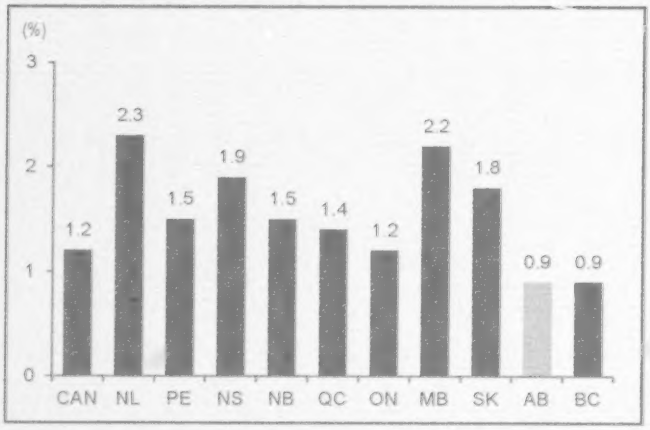
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rig Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada)

Economic Indicators by Province

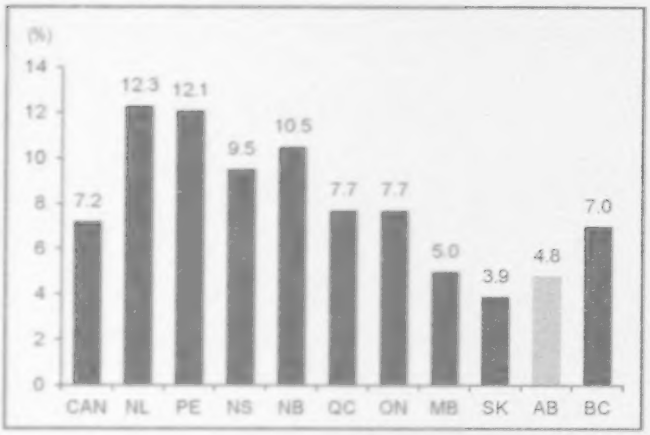
Real GDP Growth by Expenditure
(2011, year-over-year growth)



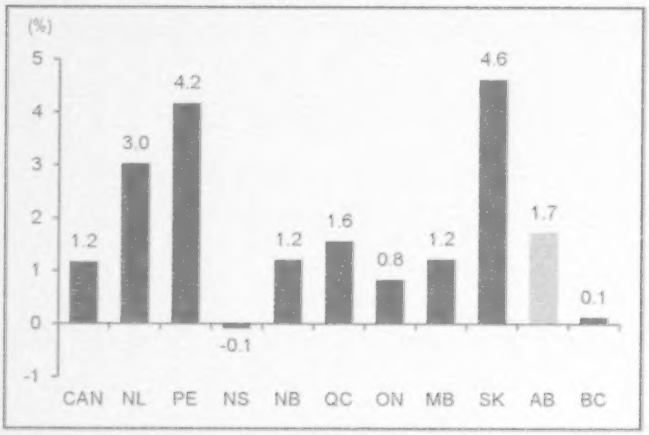
CPI Inflation
(February 2013, year-over-year growth in CPI)



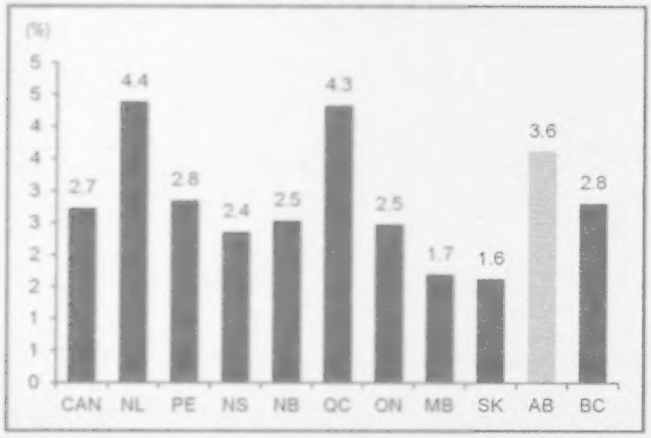
Unemployment Rate
(March 2013)



Employment
(March 2013, year-over-year growth)



Average Weekly Earnings
(January 2013, year-over-year growth)



Housing Starts
(March 2013, SAAR, year-over-year growth)